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Meeting Minutes
ND Economic Development Foundation Meeting
Thursday, May 21, 2015
Outlaws Bar & Grill, 120 South Main Street, Watford City, ND 58854

WELCOME AND CALL TO ORDER:

The meeting was called to order at 10:00 a.m. by Wally Goulet, Chairperson.

Members Present: Al Anderson, Bruce Smith, Chuck Hoge, Danita Bye, Eric Trueblood, Kari Ness, Mike Seminary, Pamela Schmidt, Randy Hatzenbuehler, Tim Hennessy, Wally Goulet.

Members Present Via Phone: Jim Traynor, Judi Paukert, Robert Hovland.

Members Absent: Bill Shalhoob, Bruce Thom, Daniel Traynor, Gary Miller, Jon Simmers, Kelly Rusch, Lyn James, Mark Nisbet, Steve McNally.

Guests Present: Brent Sanford, Chelle Timmreck, Gene Veeder, Jill Schwab, Justin Dever, Sara Otte Coleman, Wayde Sick.

WELCOME & INTRODUCTIONS:

Wally Goulet provided a welcome to members and guests and introductions were made around the room and on the phone.

APPROVAL OF AGENDA:

Wally Goulet asked for a motion to approve the May 21, 2015, agenda.

Motion: Mike Seminary moved to approve the May 21, 2015, agenda. Tim Hennessy seconded the motion. Motion carried.

APPROVAL OF MINUTES:

Wally Goulet asked for a motion to approve the February 19, 2015, minutes.

Motion: Pamela Schmidt moved to approve the February 19, 2015, minutes. Mike Seminary seconded the motion. Motion carried.

Wally Goulet asked for a motion to approve the April 27, 2015, meeting notes.

Motion: Kari Ness moved to approve the April 27, 2015, Executive Committee meeting notes. Eric Trueblood seconded the motion. Motion carried.

COMMITTEE REPORTS:

Finance Committee

Quarterly Financial Statements

Jim Traynor reported that the Profit & Loss Statement for January 1 – March 31, 2015, reflects a net quarterly loss of \$8,834.65. The Balance Sheet as of March 31, 2015, is \$153,812.92. The Statement of Cash Flows from January 1, 2015, - March 31, 2015, is \$181,312.92. Outstanding pledges through April 2016 are \$171,000.

Wally Goulet asked for a motion to approve the financial statements as presented.

Motion: Mike Seminary moved to approve the financial statements as presented. Chuck Hoge seconded the motion. Motion carried.

DEPARTMENT OF COMMERCE UPDATE:

Commissioner Report/Comments

Al Anderson reported that this legislative session provided Commerce with some useful tools and some new programs including Pre-K community grants. The legislature also approved Commerce to administer homeless shelter grants, domestic violence shelter grants, tribal college grants, UAS activity, and rural healthcare workforce grants.

Legislative Update

Justin Dever stated that Commerce tracked over 200 bills this legislative session. The five essential economic development strategies are:

1. Maintain a positive business climate that supports private sector investment, growth and job creation.
2. Continue investing in university-based research and development conducted with the private sector that engages North Dakota in emerging industries such as life sciences and advanced technology.
3. Embrace entrepreneurship and foster a culture of entrepreneurship where innovative, tech-savvy companies can thrive.
4. Continue investing in statewide talent strategies that address education, training recruitment and retention to provide a steady supply of skilled workers needed to fuel long-term business growth.
5. Promote export trade by linking North Dakota businesses with foreign buyers and markets.

North Dakota's business-friendly environment was further improved through:

- HB 1476 provides a flat and predictable oil extraction tax rate for companies and improves the state's ability to project revenues.
- SB 2035 provides a sales tax exemption for value-added energy related to fertilizer or chemical processing facilities.
- SB 2292 will allow multi-state corporations to opt-in to a single sales factor apportionment formula for income tax. This will remove the disincentive for these businesses to invest in property and employees in North Dakota.
- HB 1089 creates a sales and use tax exemption on computer software, hardware, servers, routers, cooling systems, backup power systems, raised flooring and other equipment necessary for the maintenance and operation of qualified data center.
- \$397 million in additional tax relief, including:
 - \$123 million in income tax relief
 - \$250 million in property tax reductions (12% reduction)
 - \$23 million in property tax relief thru social service costs transfer to the state
 - \$1.2 million expansion to the Homestead Tax Credit

Initiatives for continued economic growth include:

- \$4.5 million to fund Research North Dakota (RND)
 - \$3.5 million to commercialize technologies including those related to Unmanned Aircraft Systems (UAS) (able to carry over unused funds from biennium – up to \$4 million)

- \$1 million to support biotechnology advancements
- \$2.7 million for operations of the Northern Plains UAS Test Site
- \$7.5 million for infrastructure related to the Grand Sky, the first commercial UAS Business and Aviation Park in the nation
- \$3.25 million for entrepreneurship grants and vouchers to assist startup businesses
 - \$900,000 for entrepreneurial centers in Bismarck, Grand Forks and Fargo

Supporting growth and attracting external workforce to North Dakota is key to the states economic growth. The Legislative Assembly has supported initiatives for continued workforce development in several ways:

- \$1.55 million for the Operation Intern program to provide internships, cooperative work experiences and apprenticeship positions with North Dakota employers
 - \$50,000 for teacher externship positions
- \$3 million for workforce training grants at tribal community colleges
- \$4 million in workforce development funds to educate and train North Dakotans for diversifying careers, and to promote industry-college partnerships
 - \$1 million for workforce enhancement grants
 - \$3 million for Train ND
- \$300,000 for the Find the Good Life workforce recruitment initiative
- \$200,000 for rural healthcare workforce grants

The 2020 & Beyond Initiative's focus is: The value of our PEOPLE, our unique quality of PLACE and our diverse OPPORTUNITIES.

People

- Education
 - \$164.5 million increase for K-12
 - \$250 million for construction loans
 - \$3 million for Pre-K grants
 - 6.5% increase for Higher Ed
- Child Care Availability
 - \$2.25 million for facility grants
- Affordable Housing
 - Up to \$40 million for HIF

Places

- Infrastructure
 - \$2.3 billion statewide for transportation infrastructure
 - \$1.44 billion for western infrastructure
 - \$621 million in oil tax allocations & \$140 million for energy impact grants
- Up to \$40 million for Outdoor Heritage Fund
- \$14.75 million for State Park improvements
- \$750,000 for Tourism Infrastructure

Opportunities

- \$300,000 for Find the Good Life
- \$1.5 million for Operation Intern (\$50,000 for externships)
- \$4.5 million for Research ND
- \$3.25 million for Entrepreneurship
- SB 2057 – Review of Business Incentives
- 4 of 7 EmPower ND Commission Recommendations were approved

Commerce's Appropriations Include:

- Overall appropriation of \$131,373,174 to Commerce, of which \$56,203,701 is from the general fund
- Base Budget of \$86,596,849, including \$33,437,245 of general funds and \$53,159,604 in other funds (mainly federal)
- Examples of Base Budget Funding Items include:
 - ~\$13.1 million in Salaries and Wages
 - ~\$17 million in Operating Expenses for non "one-time" items, such as:
 - \$1.5 million for Operation Intern
 - ~\$7.5 million for Tourism marketing
 - ~\$2.2 million for partner programs (SBDC, Impact Dakota, etc.)
 - ~\$2.6 million for ND Trade Office
 - \$1.5 million for Entrepreneurship
 - ~\$3.3 million for APUC
- Ongoing Base Budget Increase of \$1,403,449 including:
 - \$733,192 for the compensation package
 - \$198,341 inflationary increase to help cover increased rent and ITD costs
 - \$300,000 increase for partner programs (Small Business Development Centers, Manufacturing Extension Partnership, & Women's Business Development Office)
 - \$160,640 increase for Community Development Block Grant administration
 - \$11,276 for Tourism Admin .15 FTE
- One-time Funding Items of \$44,776,325

Tourism One-Time Funding:

- \$1,000,000 for Tourism marketing in Midwest markets
- \$247,836 for Tourism International

- \$750,000 for Tourism Infrastructure Grants

Innovation One-Time Funding:

- \$1,750,000 for Entrepreneurial Center Grants and Vouchers
- \$4,500,000 for Research North Dakota
- \$7,500,000 for the Grand Sky UAS Technology Park
- \$2,718,620 for the UAS Test Site
- \$1,500,000 for Base Retention Grants

Community One-Time Funding:

- \$1,500,000 for Homeless Shelter Grants
- \$650,000 for Domestic Violence Shelter Grants (HB 1285) (\$2.0 million is also provided through the Department of Trust Lands (HB 1176))
- \$2,250,000 for Childcare Facility Grants
- \$12,859,869 for CDBG Recovery for flood impact grants

Workforce One-Time Funding:

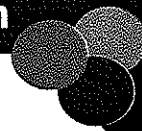
- \$3,000,000 for Pre-kindergarten Grants (SB 2151)
- \$1,000,000 for Workforce Enhancement Grants
- \$3,000,000 for Tribal College Grants
- \$50,000 for Educators in Industry Externships
- \$300,000 for the Find the Good Life
- \$200,000 for Rural Healthcare Workforce Grants (HB 1282)

Strategic Plan Benchmarks Update

Justin Dever reported several updates to the Strategic Performance Measures 1-1, 1-3, 4-2, 4-3 and 6-5. Two measures were removed from the document under Goal 6: 6-1 and 6-6.

ND Economic Development Strategic Plan

Performance Measures Updated on May 21, 2015



GOAL 1 Create, attract, and retain quality jobs and workforce in targeted industries and high-demand occupations.

- 1-1. Net Job Growth (2020 Target: 476,100 jobs; goal of 426,100 was revised on 11.1.2013)**
2010: 376,000 2014: 460,700 Increase: 84,700 jobs
2015 figures will be available in February 2016.
- 1-2. Average Annual Wage (2020 Target: \$50,000)**
2010: \$38,127 2013: \$47,779 Increase: \$9,652 in ave. annual wage
2014 figures will be available in June 2015.
- 1-3. Per Capita Personal Income (2020 Target: \$60,000)**
2010: \$43,232 2014: \$54,951 Increase: \$11,676 (119% of nat'l. ave.)
Initial estimates for 2015 will be available in April 2016.
- 1-4. Population (2020 Target: Population of 800,000; goal of 700,000 was revised 12.6.2012)**
2010: 674,345 2014: 739,482 Increase: 65,137
Population estimates for July 1, 2015 will be available in December 2015.

GOAL 2 Strengthen North Dakota's business climate and image to increase national and global competitiveness.

- 2-1. Gross Domestic Product (2020 Target: \$65 billion; goal of \$50 billion was revised on 2.19.2015)**
2010: \$35.482 billion 2013: \$56.329 billion Increase: \$20.847 billion
Advanced estimates for 2014 will be available in June 2015.
- 2-2. Merchandise Export Value (2020 Target: \$6.5 billion; goal of \$4 billion was revised on 11.1.2013)**
2010: \$2.53 billion 2014: \$5.29 billion Increase: \$2.75 billion
2015 figures will be available in February 2016.
- 2-3. Small Business & Entrepreneurship Council's U.S. Business Policy Index (2020 Target: Ranked among the top 10 states; goal of top 15 was revised on 12.6.2012)**
2010: #18 2014: #10
The next release of the index is anticipated in December 2015.

GOAL 3 Accelerate innovation and entrepreneurship in targeted industries and emerging technologies.

- 3-1. Number of Private Sector Businesses (2020 Target: 35,000; goal of 32,000 was revised on 2.19.2015)**
2010: 25,741 2013: 31,083 Increase: 5,342
2014 figures will be available in June 2015.
- 3-2. Number of business activities as a result of Innovate ND. (2020 Target: 200)**
2010: 100 2012: 135 Increase: 35
- 3-3. Aggregate use of Seed Capital Tax Credits and Angel Fund Tax Credits. (2020 Target: \$10 million; goal of \$5 million was revised 2.19.2015)**
2010: \$4,157,157 2013: \$8,076,100 Increase: \$3,918,943
2014 figures will be available in October 2015.

Reportable data:

Academic research and development expenditures – In 2010, North Dakota had an estimated \$204 million in academic R&D expenditures. In 2013, this increased to \$219 million.

Industry research and development expenditures – In 2010, North Dakota had an estimated \$236 million in industry R&D. In 2012, this decreased to \$222 million.



GOAL 4 Enhance the state education and training system's ability to meet business and workforce needs of the future.

- 4-1. **Number of students taking skilled trade and technical education programs.**
(2020 Target: 33,600 students)
2009-10: 30,753 2013-14: 29,337 Decrease: 1,416
- 4-2. **Retention of post-secondary program completers. (2020 Target: 65 percent)**
2010: 67.7 percent 2013: 55.5 percent Decrease: 12.2 percent
- 4-3. **Percentage of working-age population that holds at least a two-year degree.**
(2020 Target: 55 percent)
2010: 44.9 percent 2012: 45.6 percent Increase: 0.7 percent



GOAL 5 Continue to enhance a unified front for North Dakota that supports community, economic and workforce development.

- 5-1. **Number of local development and tourism stakeholders participating in Commerce-sponsored marketing, tourism, workforce, business development and community development activities.**
(2020 Target: 3,100 - maintain high participation)
2011: 3,082
- 5-2. **Stakeholder perceptions of a unified front for economic development in the state.**
(2020 Target: 85 percent)
2011: 83.6 percent



GOAL 6 Enhance North Dakota's image.

- 6-2. **Number of visits as a result of paid advertising. (2020 Target: 2.4 million trips)**
2010: 1.0 million visits 2014: 1.2 million visits
- 6-3. **Expenditures by out-of-state visitors. (2020 Target: \$5.4 billion)**
2010: \$4.6 billion 2012: \$5.05 billion Increase: \$.45 billion
- 6-4. **Number of workforce relocators as a result of image enhancement efforts.**
(2020 Target: 1,000 workforce relocators)
2010: 346 households 2014: 686 households Increase: 340 households
- 6-5. **Tourism advertising impact on image. (2020 Target: 50 percent of respondents who say they strongly agree that "North Dakota is a place I would really enjoy visiting.")**
2010: 32 percent 2014: 33 percent Increase: 1 percent
- 6-7. **International advertising equivalency for positive North Dakota stories.**
(2020 Target: \$5 million in international advertising equivalency since 2010)
2011: \$1.23 million 2014: \$1.04 million

Networking Lunch with Local Leaders:

Mayor Brent Sanford and Economic Developer Gene Veeder reported that Watford City has a collaborative approach to community development. The Watford City grade school is full, they are building a new high school, a new hospital, a new jail, and a new event center/conference center (adjacent to the high school with a hockey arena, basketball court, swimming area, University of Mary satellite campus, etc.) which will open in Fall 2016). Watford City will be transitioning to a Class A high school sports status within the next two years. Their school system is represented by individuals from 50 states and 24 different countries.

Watford City's population is currently projected between 8,000 – 10,000 residents. A lot of their growth has been internal and local (former residents) and championing what the community is working toward. Their sales tax base has been continually growing since the oil boom. During the last election, Watford City residents voted 90% in favor of sales tax.

The two biggest themes among young school-age children in Watford City is that they would like more indoor activities and they like the fact that they can be with their families in this community. Watford City is focused on single-family housing for young families as a way to retain its residents. There is a golf course and housing development in the planning phases. Daycares are full and there is still a large need for additional childcare services.

Narcotics and alcohol are the two biggest concerns along with assault/domestic violence or child neglect in the area. Watford City does not have as many homeless people as other surrounding communities due to Amtrak and other services located in larger cities. Law enforcement tries to promote a zero tolerance policy in their community. They approach development as if there is a solution to every problem and you simply have to be creative to find those solutions. They invest in Rural Leadership North Dakota to assist with their succession planning.

OLD BUSINESS:

Meeting Date/Location for Meeting

The third quarter meeting will be held at Woodlands Resort in Devils Lake, ND on September 24, 2015, with a tour of UltraGreen.

Legendary Logo

Motion: Mike Seminary moved to allow Sara Otte Coleman to design a new colorful Foundation logo with the Legendary brand incorporated. Chuck Hoge seconded the motion. Motion carried.

Image Enhancement Campaign/Finances Update/Metrics

Chelle Timmreck and Sara Otte Coleman gave an overview of the social media results (Facebook (5.1% engagement rate), LinkedIn, Twitter) since the last meeting. Top visitor states to the sites are North Dakota, Illinois, Minnesota, Pennsylvania, Michigan, California, Washington, Ohio, Wisconsin, and Texas. There have been 23,000 postcards sent out this spring for a grade school essay contest. The essay contest award winner will be revealed at the North Dakota State Fair on July 23, 2015, in Minot.

A 20-page Delta Sky ad will feature Find the Good Life and full-page Tourism ads and will run in July 2015. The ads will feature Josh Duhamel, Doug Burgum, and Governor Dalrymple. Airport signage is up in Williston and Bismarck for the Find the Good Life campaign and the next phase of the campaign will roll out so that dollars can be spent prior to the end of the biennium on June 30, 2015.

Odney Advertising will conduct a digital campaign for job seekers in 12 states (marketing heavily in MN and WI), military publications, an email marketing campaign, and the Workforce Development Division will utilize the Zero Fee Recruiter at part of the recruiter's network. The total of this next phase of the campaign will be \$156,792.50 through June 30, 2015.

There will be a lot of blogging and writing with the Find the Good Life campaign in the next month and Sara Otte Coleman will be conducting statewide editorial board visits. If members are interested in participating, they can reach out to Sara.

Terry Fleck's contract will end July 31, 2015. The Foundation is being asked to extend his contract to help raise the \$300,000 match provided during the 2015 legislative session.

Motion: Mike Seminary moved to approve Terry Fleck's contract for an additional 5-6 months. Tim Hennessy seconded the motion. Motion carried.

The Odney Advertising contract ends June 30, 2015. The contract includes an option for a two-year renewal through June 30, 2017.

Motion: Pamela Schmidt moved to approve the two-year contract extension for Odney Advertising. Bruce Smith seconded the motion. Motion carried.

Members discuss conducting a strategic review of the Find the Good Life initiative to see how the Foundation can work more closely with city and regional job development officials going forward and look at more of an annual subscription fee from groups such as banks, hospitals and the ND Petroleum Council for example to build a different financial support model going forward to sustain the campaign. Members also discussed continuation of support for the 2020 & Beyond Initiative and how to incorporate that into the Foundation's Strategic Plan.

NEW BUSINESS:

Tourism Research

Sara Otte Coleman gave an overview of Tourism research. The economic impact of tourism (states 3rd largest industry) reflects that visitors spent \$3.6 billion in 2013. In 2014, Tourism advertising motivated 1.2 million trips, resulting in \$236.4 million in spending and generated \$307 million in local and state taxes paid by visitors creating a resident tax savings of \$1,011 per household. Leisure travel to North Dakota was up 6.7% and overnight trips were up 2%. Guests are traveling mostly by car (78%) and 76% used a hotel or bed & breakfast for paid accommodations. State & national parks, historic sites, and scenic drives are the biggest reasons people travel to the state.

In 2014, Fargo was the #1 destination in the east, Devils Lake State Parks were #1 in the central portion, Theodore Roosevelt was the #1 destination in the west, followed by Bismarck. In 2014, 51% of the U.S. markets were aware of Tourism advertising, 54% in Canada markets. The ad investment in 2014 was \$2.5 million, which generated \$1.2 million in trips and spending of \$236.4 million and \$17.8 million in taxes. The research shows that 1.3 million visitors plan to visit North Dakota in the next 12 months, .07 million from Canada plan to visit in the next 12 months.

The top activities of visitors are visiting a state or national park, eating at unique local restaurant, visiting historical sites, scenic drives, and visiting museums. More families traveling with children equals an average age of 44 years for the ND visitor and day trip spending of \$154, \$115 overnight. The impact of Tourism advertising on economic development revealed that individuals who have viewed the ads have indicated that North Dakota would be a good place to start a business, a good place to attend college, a good place to start a career, and a good place to live.

The Governor's Workforce & HR Summit entitled "Creating Tomorrow's Traditions" will be held in Fargo on September 16-17, 2015, if members are interested in attending. The 2016 conference will be held in Bismarck, ND.

Jill Schwab will be working with Brady Martz during summer 2015 to conduct an Agreed-Upon Procedures Audit in QuickBooks for the Find the Good Life initiative. If members have any questions, concerns, or would like any specific materials reviewed during the audit, please get in contact with Jill.

ADJOURNMENT:

Being no further business, Wally Goulet adjourned the meeting.

The meeting adjourned at 3:15 p.m.

Wally Goulet
Wally Goulet
Chairperson

9/24/15
Date

Jill Schwab
Jill Schwab
Recorder

5/21/15
Date

FUTURE ACTION ITEMS:

- **Jill Schwab will coordinate the third quarter board meeting on September 24, 2015, in Devils Lake, ND. Chancellor Mark Hagerott will be invited to the meeting.**
- **If members would like to participate in the Find the Good Life editorial board visits, they should contact Sara Otte Coleman.**
- **Sara Otte Coleman will design a new colorful Foundation logo with the Legendary brand incorporated.**
- **Sara Otte Coleman will issue a two-year contract extension to Odney Advertising and a 5-6 months contract with the Foundation fundraiser, Terry Fleck.**
- **Jill Schwab will be working with Brady Martz in summer 2015 to conduct an Agreed-Upon Procedures Audit in QuickBooks for the Find the Good Life campaign. If members have any questions, concerns, or would like any specific materials reviewed during the audit, please get in contact with Jill.**